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ABSTRACT

This document contains four papers from a symposium on strategic human resource development (HRD). "The GEICO Challenge Session: A Model for Integrating Human Resource Development and Strategic Planning" (Clyde T. Conine, Jr., Bill P. Criswell) reports on a study that delineated the nature of the integration of HRD into the strategic planning process of GEICO, a nationwide insurance corporation. "Strategic Alignment and Performance" (Steven W. Semler) develops a model of strategic alignment that is based on earlier theoretical perspectives on organizational alignment and describes the relationships between the elements of strategy, structure, culture, and performance. A definitional context for scenario and strategic planning and a model illustrating the use of scenario planning as a means to leverage three key roles in strategy formation and implementation are presented in "The Role of Scenarios in Business Strategy and Human Resource Development" (Susan A. Lynham, Joanne Provo, Wendy E.A. Ruona). "Strategic HRD Aligning and HRD Effectiveness" (Ida A.A.M. Wognum, Roel J. Bosker) reports on a study that examined the relationship between strategic HRD alignment and HRD effectiveness in companies from two sectors: industry and financial and commercial services. (MN)

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6 **Strategic HRD**

Chair: Barry Johansen, Medtronics

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Clyde T. Conine, Jr., Macon State College
Bill P. Criswell, GEICO

Strategic Alignment and Performance
Steven W. Semler, Personnel Decisions International

The Role of Scenarios in Business Strategy and Human Resource Development
Susan A. Lynham, University of Minnesota
Joanne Provo, University of Minnesota
Wendy E. A. Ruona, University of Minnesota

Strategic HRD Aligning and HRD Effectiveness
Ida A. M. Wognum, University of Twente, Enschede, The Netherlands
Roel J. Bosker, University of Twente, Enschede, The Netherlands

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The GEICO Challenge Session: A Model for Integrating Human Resource Development and Strategic Planning

Clyde T. Conine, Jr.
Macon State College

Bill P. Criswell
GEICO

The purpose of this study was to delineate the nature of the integration of human resource development (HRD) into the strategic planning process of the Government Employees Insurance Company (GEICO), a nationwide insurance corporation. This study revealed that the GEICO challenge session offers an excellent working model of integrated strategic planning. The high level of integration provided by the challenge session also is influenced by a number of factors identified in an earlier work by one of the authors. These factors include external business conditions, internal top management support, internal HRD person-specific factors, and internal organizational factors.

A post-World War II process, strategic planning came to the United States in the 1960s. General Electric is generally credited with pioneering strategic planning in the United States (McCune, 1986). Since that time, hundreds of large, well-known corporations have prepared and implemented strategic plans. While there remains some controversy as to the link between strategic planning and improved company performance, the evidence is mostly favorable (Boyd, 1991; Shrader, Taylor, and Dalton, 1984).

As businesses move into the uncertain final years of this century, they are more and more vulnerable to unpredictable competitive and environmental influences. It becomes increasingly important that planning tools be sophisticated and comprehensive and that managers be innovative in designing their management systems. Many companies have begun to recognize, however, that these comprehensive corporate plans have not always been implemented as desired and that programs have not been prepared to meet the strategic needs of the organization. Thus, there has been a growing recognition for the need to integrate all operating levels into the strategic planning process (Miller, 1989).

Below, Morrisey, and Acomb (1987) argued that since the strategic planning process requires the continuous involvement of the operating executives throughout the organization, there should be an emphasis on team planning, which builds commitment. The strategic plan should be developed as part of an *Integrated Planning Process*. According to Below et al., "*Integrated* means that no part of the planning process can be developed in isolation from the other parts. *Planning* incorporates all of the efforts that determine what an organization wants to be, where it is going and how it will get there" (p. 3, 4).

The integrated planning process ensures that everyone in an organization participates in the preparation of the plan and that everyone in the organization understands the plan. Unfortunately, few organizations include everyone in the planning process. Notably absent from this body of strategic planners have been the human resource executives, particularly the person(s) charged with the responsibility of Human Resource Development (Benoliel, 1988; Chalofsky & Reinhart, 1988; Linkow, 1985; Miles & Snow, 1984; Rothwell & Kazanas, 1989). As businesses approach the end of this century and its ever-changing environment, it is particularly ironic that the human resource development (HRD) practitioner, who is responsible for the training and development of the most costly and valuable asset in any business, either has no strategic plan or has a plan that is not integrated with the organization's strategic plan.

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Based on a major study, Chalofsky and Reinhart (1988) developed an HRD effectiveness model. Among other things, their study indicated that effective HRD managers participate in strategic planning and are committed to supporting organizational change through strategic planning. Moreover, Nadler and Nadler (1990) stated, "HRD may be the key element in the strategic planning process" (p. 2.13). Numerous reasons have been offered for linking human resource development into the strategic planning process, and for a stronger leadership role for HRD (Abelson, Ferris, & Urban, 1988; Nadler & Nadler, 1990; Peery & Salem, 1993; Sonnenfeld & Ingols, 1986; Torraco & Swanson, 1995; Willis & May, 1996).

Research specifically directed toward the study of the integration of HRD into the strategic planning process of organizations is rare. Benoliel (1988) and Bianco-Mathis (1989) reported research related to HRD's participation in strategic planning or strategic change. Garavan (1991) surveyed 90 companies and concluded that the formulation of HRD policy and plans is necessary in order to have a strategically oriented HRD function. Hussey (1985) maintained that a close integration of training and company strategy is needed, and this will only happen when the chief executive takes the initiative. Similarly, Bolt's (1985) survey research of four respected U.S. corporations (General Foods, Xerox, Motorola, and Federated Department Stores) led him to conclude that the impetus for developing executive training and development programs that are tied to the implementation of company strategy comes from the top of the organization. Redding (1990) also concluded that strategy-linked training stems from a commitment from top management. Several authors have prepared case studies of their organization's efforts to integrate HRD and strategic planning (Beattie and Tampoe, 1990; Galosy, 1983).

Research Questions

The purpose of this research was to delineate the nature of the integration of HRD into the strategic planning process of GEICO. Earlier research (Conine, 1997) included GEICO as one of three anonymous participants in a comparative case study on the integration of HRD and strategic planning. In this previous work, GEICO was identified as a company that had strongly integrated HRD into its strategic planning process. While a number of factors contributed to this high level of integration, GEICO's strategic planning process, *the challenge session*, was unique and deserved further study. Thus, this study builds on the previous work by expanding the study of one of the major factors (i.e., the planning process) found to influence the level of HRD's integration into a strategic planning process. More specifically, it addresses the following question: How is the role of HRD defined in GEICO's strategic planning process?

Methods

Descriptive case study was the basic research design. Data collection at GEICO included the use of interviews, observations, and document analysis. Seven people were interviewed, and three persons were interviewed twice. The director of staff services served as key informant. Other managers interviewed included the regional vice president, the director of human resources, the regional trainer, the director of sales and service, the regional claims manager, and the assistant vice president. These interviews were tape-recorded and transcribed. Observations were made at the plant site, office facilities, and strategic planning sessions. Field notes were taken at each of these observations and were organized into typed narrative accounts shortly after each observation. For the purpose of this investigation, the term *documents* is meant to include any data gathered through sources other than interviews or observations. Documents reviewed included an organization chart, company promotional materials, a planning memorandum from the CEO, strategic plans, and other planning documents.

During data analysis, the value of having maintained this case study database became evident. The transcripts, field notes, and document summaries were read line-by-line, word-by-

word to identify references to integrating HRD and strategic planning. The data were subjected to GEICO member checks to ensure accuracy. Eventually, this data became the basis for a detailed description of GEICO and its strategic planning process. The researchers acknowledge the research limitations inherent in a single, purely descriptive case study. Yet they suggest that the information provided here is useful in an area where little research has been conducted. As Merriam (1988) stated, "Innovative programs and practices are often the focus of descriptive case studies" (p. 27). As the reader will note, the GEICO challenge session is an innovative practice.

GEICO: Region III

GEICO, Region III, is part of a national insurance corporation with its corporate headquarters in the Northeastern United States. The company started 61 years ago with the idea of selling insurance directly to the public without agents. Since then, the number of policyholders has grown to over 2 million, and A.M. Best Company, the top independent analyst of insurers in the country, has consistently rated the company A++ (Superior). What started out as a novel idea has become a model for the industry today. More and more companies emulate GEICO by using telephone centers to service customers and by providing around-the-clock service. A number of developmental lines (e.g., homeowner's insurance) have been tried by GEICO over the years, but they have not proven very profitable. So the company now focuses on the line in which it has been extremely successful, that of automobile insurance. The company takes pride in presenting itself as a low-cost provider in the private passenger automobile insurance market. It has a 24-hour, toll-free number for policyholders' use throughout the country. The company places great emphasis on being productive and efficient, and provides "faster, better, and cheaper" service than competitors.

The company has been in a growth mode for a number of years; projections for 1997 and beyond call for a growth rate of more than 20%. Warren Buffett, a major stockholder with a reputation for investing in successful companies, recently purchased GEICO. Around 2,400 people are employed in Region III. Most, about 1,900, are in the immediate metropolitan area of Macon, Georgia, but some work from offices (e.g., adjustors' offices) spread throughout several states in Region III. The top executive is the regional vice president. Reporting directly to the regional vice president is the director of human resources, the assistant vice president over claims, the assistant vice president over underwriting, the manager of planning and financial control, the director of staff services, and a branch manager located in a high volume state.

The two major operations in the company are underwriting and claims. The underwriting division is responsible for underwriting policies, sales and service of policies, and marketing activities. The claims division is responsible for providing quality service to customers when they have a claim while at the same time controlling the loss costs for the company. The other divisions, including the human resource division, are primarily support units to the underwriting and claims divisions.

Interviews, observations, and document analysis portray a company with an unusual amount of emphasis on developing human resources. The company provides career counseling, orientation before training, assessment, and a number of other services to encourage people to get involved in education. Areas of responsibility under the human resources department include employment and benefits, security, licensing, and education as well as the medical unit. The licensing coordinator and the coordinator of education are responsible for most of the HRD activities for company employees. In addition, a regional trainer reports to the assistant vice president of underwriting. The regional trainer is responsible for the training and development of managers and supervisors within Region III.

The GEICO Challenge Session The regional vice president and his staff are responsible for preparing a strategic plan for Region III, complete with a mission statement, vision statement, and objectives. Although the corporate office in the Northeast provides some broad general guidelines, the region has considerable autonomy in developing a plan to meet the regional objectives. Like most successful strategic planning initiatives, the process is never ending, but the

major focus of the planning effort usually comes during late summer when the company is gearing up for the next calendar year. During this time a unique process brings together all these managers, supervisors, and many employees into a highly participative strategic planning initiative.

Around the middle of the summer, the CEO at the corporate office sends a memo to the planning center managers in the region. In this memo, the CEO outlines the vision, the overall strategy, and some key initiatives for the company. As a further subset of the chairman's planning letter, the regional vice president issues both the chairman's letter and his own "stretch goals" which focus on strategies for his particular region. With this charge, the managers begin work on the strategic plan for the region and in doing so prepare for what the company calls a division business plan review process which can last two weeks or more. Each department in the organization is required to follow this same process and then is challenged by other departments. Moreover, before going to the challenge session, a department has already been challenged within its own ranks. A key component of the challenge session is purposeful involvement of every division in the region and corporation. Plan review or *challenge sessions* are open for attendance by associates at all levels in the organization. As an extension of GEICO's total quality process, those who do the work frequently have solutions to offer which are not readily known to the managers.

The HR department and the regional trainer's office are involved in this process as are all the other departments in the building. When the HR manager attends the challenge session, she is accompanied by her staff, and the people representing the HRD functions must be ready to respond to questions from challengers related to the business side as well as "pure" HR issues. It should be noted that the integration process for the HR director is greatly enhanced by her previous assignment as manager of the planning and financial control division. Rather than being an HR "purist," the director is a true business partner with the line operations. Likewise, the regional trainer must be ready to defend goals specific to management development from an overall organization perspective, based on the projected needs of the line departments. Managers, supervisors, as well as nonsupervisory people are invited to attend these sessions, do so, and participate actively. These challenge sessions are also an opportunity to identify ways that departments can and must work together to achieve regional (and subsequently company) goals which are, by their nature, interrelated.

One of the on-site observations offered an opportunity to observe for about seven hours one of these challenge sessions in progress. The on-site observation occurred during the challenge of the auto damage (AD) department within the claims division. The challenge was held in a large room (approximately 1700 plus square feet) with doors entering the room from the side and the rear. The director representing the AD department stood at the head of the room surrounded by a podium, table, overhead projector, screen, and television monitor. Throughout the room, there were a number of supervisors and employees from various departments. With the door in the back, people were able to come in and out of the room as they wished for various sessions or pieces of sessions.

During the day, the director of AD was challenged, questioned, and cajoled. Suggestions were offered, strategic decisions were made on the spot, and areas for further research were identified. There was continuous give-and-take between the director of AD, his staff, other people in claims, and people from other divisions. While there were considerable differences of opinion, there was no hostility. In fact, there was quite a bit of good-natured humor in the criticisms. It was clearly meant to be a forum for constructive criticism of this part of the strategic plan, and it was a good example of how conflict can be a constructive rather than destructive force in an organization. Everyone had ample opportunity to speak and many did. The regional vice president was the most vocal member of the challengers, but few refrained from making a comment. The director of human resources and the regional trainer were also very vocal in offering suggestions and throwing out questions, often in areas that were not directly within their area of expertise. They quizzed the presenter from the claims area on elements of his plan that might involve training and development issues and also on issues outside of the traditional HRD realm. For instance, when the director of auto damage began talking about company policy

matters beyond his control that affected customer satisfaction in the claims area, the director of human resources prompted and participated in a long discussion about possible changes in those long-standing policies when she said, "O.K., [Gary], if you were the owner of this company, what items would you change in the company policy?" Before the discussion ended, the regional vice president had even directed people to review some of those company policies to see if changes might be made. In another instance, the director of human resources challenged a specific item in the plan about improving graduation rates from the auto damage basic course. After a short discussion, the item was immediately struck from the plan.

The human resources department and the regional trainer played a strong role in the strategic planning process of GEICO. Their activities included writing segments of the strategic plan, participating in the challenge sessions, anticipating needs of other departments, assessing the personnel and training and development needs, and planning for implementation (e.g., a training schedule is a part of the strategic plan). Yet, they do not have total control over the HRD activities in the company; each department has ample opportunity in the challenge sessions to question HR and HRD goals and objectives.

Division plans are developed, challenged, and revised based on the regional review sessions, then "re-hashed" within the individual units to develop additional action plans to meet the revised goals or strategy. The modified division plans are then forwarded to the Planning and Financial Control department where they are independently matched to revised budgets for the coming calendar year. In a continuation of the development of an overall regional plan, the regional vice president and his direct reports (of which the HR director is one of the six) pull action plans deemed critical or very important from the divisions plans to build the draft regional plan. In subsequent reviews by the same group, weaknesses or shortcomings in the regional plan are identified and supplemental action plans are solicited from the management/associate group.

The HR director and five other direct reports then present the cohesive regional plan to the CEO and corporate "challengers" at a meeting in the regional office, usually in a one-day session. These sessions also are open to all associates and managers, and always provide a wide exchange of ideas between participants. The same kind of good-natured humor is found in these sessions as well although the underlying current here, too, is a tough businesslike approach to goal-setting and action plans covering both immediate and longer-range (more than one year out) plans and strategies.

A Stakeholder Role for HRD at GEICO The challenge session at GEICO plays a major role in integrating HRD into the strategic planning process and it has been the major focus of this current study. However, as indicated earlier in this paper, GEICO was one of three anonymous participants in an earlier comparative case study by Conine (1997). It would be misleading not to note that this earlier study identified other factors besides the planning process that influence the level of HRD's integration at GEICO and the other companies. In this earlier study, Conine developed a continuum of HRD roles with low to high levels of integration into a company's strategic planning process. These included the nonparticipant, the resource, the stakeholder, and the leader. At GEICO, HRD assumed a strong stakeholder role with potential to move into a leader role in the future. Factors other than the planning process that influenced the level of integration included top management support, HRD person-specific factors, and other internal organization factors.

All of these factors contributed to a strong stakeholder role for GEICO. The director of staff services at GEICO summarized HRD's stakeholder role well when he stated: "So, that's really the bottom line on it. Training is an integral part of every departmental plan, without exception. . . . Human resource development is an integral part of every plan." Evidence of a stakeholder role for HRD in the strategic planning process also was evident in several of the planning documents reviewed at GEICO. All departments' portions of the strategic plan that were reviewed included a major HRD initiative.

Persons interviewed at GEICO insisted that top management commitment is also a major reason HRD is in a stakeholder role. The director of staff services at the insurance company maintained that top management support comes in two forms: First, top management must provide the necessary staff needed to meet customer needs and still have time for training.

Second, top management must communicate the philosophy that training is absolutely critical to the survival of the organization. He further stated, "And you see that philosophy here. There's no scarcity of that at any level of top management."

HRD professionals at GEICO also appear to have credibility with line management because of their knowledge of the overall business and because of their competence in their area of expertise. The regional trainer at the insurance company felt that HRD benefits significantly from knowledge of business operations and thus gains the respect of line managers. Other key factors include the ability of HRD to communicate effectively with line management and HRD's proactive leadership style.

The GEICO culture also supports HRD activities. This was evident during the on-site observation of the strategic planning challenge session during which there was so much emphasis placed on developing people within the organization. The director of sales and service had the following to say about GEICO's culture: "We have developed this culture throughout the GEICO organization so that our supervisors understand that you're here for your associates. That's what your primary responsibility is. Your role is to assist the associates to be the best that they can be and to develop for a better job, and that is accomplished largely by removing obstacles which constrain their performance." Considering the time and costs, even the most integrated planning companies battle to keep focused on the long-term benefits of training and development. However, GEICO appears to have made this long-term commitment. The staff services director stated, "When you have a low-cost operating mentality and you want highly trained people being very productive . . . . Then taking a person out of that group and putting them into a training class for a day or two days, or a week affects your productivity very quickly. But it's something that's absolutely necessary and you have to do it!"

Almost everyone interviewed at GEICO mentioned company growth as a facilitator to the integration of HRD and strategic planning. This point was also noted during the on-site observation of the challenge session. The regional vice president authorized additional training, above and beyond what the department had already included in their plan, to accommodate the growing needs of the company. Specifically, the auto damage claims manager said he was unable to meet a goal in a timely manner because he only had authorization for four people to go through the training. Immediately, the regional vice president gave authorization for six and made it clear that an even higher number would be considered if justified.

Conclusions

The GEICO challenge session is a dominant factor in integrating HRD—or any other function, for that matter—into the strategic planning process of GEICO. Regardless of the level of commitment on the part of HRD and top management to involve everyone in the strategic planning process, there needs to be a mechanism to ensure the integration; the GEICO challenge session serves this purpose well. However, previous research has indicated that other factors (top management support, credibility of the HRD group, active involvement in and knowledge of business operations, etc.) also account for HRD's level of integration into the strategic planning process.

Implications

Inherently, the very nature of this inquiry examined the supposition that strategic planning should be an integrated planning process. Below et al. (1987) argued that an integrated planning process ensures that everyone in the organization participates in the preparation of the plan and that everyone in the organization understands the plan. In his letter to regional managers to kick off the strategic planning challenge process, the CEO of GEICO wrote, "In order to have committed associates, all must have a good understanding of our business strategy and be included in the planning process to carry out that strategy successfully." Chalofsky and Reinhart (1988) indicated that effective HRD managers participate in strategic planning and are

committed to organizational change through strategic planning. The GEICO challenge session offers these opportunities to HRD professionals.

The systems view of organizations has been touted as the best theoretical framework for the HRD profession. Pasmore ((1988) described several features of sociotechnically designed organizations, including the maximization of cooperative effort through common goal setting, the involvement of employees in important decisions and the sharing of information, the importance of human resource development, and the assumption that people in the organization have the capacity to improve plans. These features were exemplified well by the challenge session at GEICO. In the sessions, HRD managers and other managers, supervisors, and associates had an opportunity to influence the strategic direction of the company; they were all treated as stakeholders in the process.

Ultimately, the generalizability of the findings in this descriptive study will be determined by what readers and users can apply to their particular situation. However, CEOs will be hard-pressed to find a better working model of integrated strategic planning than the challenge session approach used at GEICO. For HRD practitioners who tend to be excluded from the strategic planning process in their company, what better working model could they find to introduce their CEO to an integrated strategic planning process?

Future research in this area might include a comparative case study of the strategic planning process in several companies. Further, some type of survey research might compare many strategic planning processes and HRD's role in those processes.

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Strategic Alignment and Performance

Steven W. Semler
Personnel Decisions International

The article develops a model of strategic alignment from earlier theoretical perspectives of organizational alignment. The model describes the relationships between elements of strategy, structure, culture, and performance. The degree of agreement between strategy, values, rewards, systems, and norms affects the efficiency and focus of the individual and group behavior that produces organizational performance. The model describes six dimensions of alignment and how leadership may act to increase alignment within each.

In an environment of increasing competitive pressure, globalization, and technological change it is a truism to say that organizations are complex. Despite our growing understanding of this complexity, we still struggle with the questions of how to manage and intervene in organizations to obtain high performance. With so many competing demands, the people, processes, activities, and cultural components of an organization often end up working at cross purposes.

Organizational health requires harmony, and organizational performance requires efficiency. The concept of organizational alignment embodies both of these ideas. The purpose of this article is to present a model of strategic alignment and to show how this model might guide the choice of techniques and strategies to increase organizational performance.

The Nature of Alignment

Webster's dictionary defines alignment as "the proper positioning or state of adjustment of parts in relation to one another." In the organizational context, "alignment is the degree to which an organization's strategy, design, and culture are cooperating to achieve the same desired goals" (Semler, p. 23, 1997). It is a measurement of the agreement or relative distance between several ideal and real elements of organizational life.

Strategic alignment is the extent to which the different components of organizational strategy, culture, and systems reinforce each others' contributions to organizational performance. A high degree of alignment leads to increased levels of performance. Effective leaders increase alignment by controlling or influencing the components of the six dimensions of alignment. Their goal in doing this is to enable the members of the organization to willingly commit their concerted behavior to activities and systems that efficiently bring about achievement of the organization's strategic goals. Strong alignment requires agreement, rather than conflict, between organizational components. Almost by definition, an organization that is well aligned is an efficient and cooperative organization.

History of Alignment

The concept of alignment is not new. Nadler and Tushman's (1989) congruence model of organization behavior was first published in 1979 and adequately represents the core of nearly all later discussions of organizational alignment. Later research has offered additional information that expands the power of their theory and extends the concept of alignment into improved organizational change models. Until recently, however, little theoretical work has been done to expand understanding of alignment in the behavioral sciences (Semler, 1997).

Most work that relies upon the idea of organizational alignment is either technical or cultural in nature, but rarely combines both. Some human resource development models suggest that positive alignment can be created by linking activities and processes to the organization's strategy. Proponents of these models suggest that managers can improve performance by ensuring that the output of each organizational process contributes to achievement of the organization's strategic goals. The reasoning behind this suggestion is that these activities and processes should be

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intentionally designed to increase their usefulness and contribution to performance (Beer, Eisenstat, & Biggadike, 1995; Pasmore, 1988; Rummler & Brache, 1995; Swanson, 1994). Because performance at the organizational level is largely guided by strategy (Beer et al., 1995; Pearce & Robinson, 1994; Rummler & Brache, 1995), the component activities and processes of the organization should be designed to contribute to the achievement of strategic objectives.

Other models that examine organizational alignment look at the agreement between an organization's culture and its chosen strategy, goals, and planned activities (Bennett, Fadil, & Greenwood, 1994; Kotter & Heskett, 1992; Tosti & Jackson, 1994). In these models, the goal of the intervention is to increase the agreement between the levels of organizational strategy and their corresponding levels of cultural belief and activity. Increased agreement at each of these levels leads to increased individual, team, and organizational performance through general harmony between culture and strategy. As in the previous category of models, alignment revolves around a link between strategy and behavior. The quality award framework of the Malcolm Baldrige National Quality Award (MBNQA) contains similar assumptions, even though it also prescribes linking activity and systems to strategy.

Blending technical or structural aspects with social or cultural aspects offers a more balanced and complete view of alignment that can show practitioners how to improve alignment within their client organizations (Pasmore, 1988). More recent writings by Galbraith (1994) and Semler (1997) expand the theoretical framework for this balanced sociotechnical view of alignment.

Alignment is not a static phenomenon. Once an organization has achieved strong alignment in each of the six dimensions of alignment, it will still have to reassess and maintain its vigilance. Beer, Eisenstat, and Biggadike (1995) emphasize that realignment is necessary every time that there is a significant change in the organization or its operating environment. Organizational culture is a way of maintaining and transmitting the values, norms, and practices that have been successful in the past (Schein, 1990). Kotter and Heskett (1992) point out in their research on organizational culture that organizations that were previously star performers lost their star status when market conditions changed but the organizations' cultures kept them doing things in the same ways as before. A systematic process to ensure continuing reassessment of external and internal conditions is a requirement for a self-aligning organization.

Particular characteristics of strong alignment are (a) the feeling of collaborative action and mutual support of members within the organization (Kiefer & Stroh, 1984), (b) the sense of a mutually defined and organizationally shared vision (Dannemiller & Jacobs, 1992), and (c) work systems that are intentionally designed to be compatible with each other, with the social aspects of the organization, and directed toward achievement of the strategic vision (Galbraith, 1987; Juran, 1992; Rummler & Brache, 1995). These ideas represent the heart of alignment–that the members of the organization can work together in common-sense systems to reach a preferred future that they have envisioned.

Alignment in Practice

Kotter's (1996) work on leading change in organizations emphasizes the value of communication. In order to bring about successful change, leaders have to understand where they want the organization to go. Frequently, they will find this out from the employees. Wise leaders in complex competitive environments empower their employees with the vision, the urgency, and the broad direction of change. Being able to convey clarity of purpose is an increasingly important leadership skill (Davis, Skube, Hellervik, Gebelein, & Sheard, 1996; Quast, Hazucha, & Johnson, 1993). Clarity of purpose is what helps bring about alignment.

The primary benefit of strategic alignment is that it gives leaders greater ability to control and predict organizational behavior and performance. High performance work systems, globally competitive organizations, and large scale HRD interventions take advantage of the concept of alignment to increase performance (Gephart & VanBuren, 1996; Dannemiller & Jacobs, 1992). One difficulty with previous attempts to influence alignment is that very little has been published to explain the determinants or leverage points that would help leaders and HRD practitioners understand and affect alignment in more than a casual manner. The strategic alignment model helps to bridge this gap.

Development of the Model

This model of strategic alignment was developed from the author's earlier work and was informed by a continuing literature search and by the lessons of reflective practice.

The Former Model. The previous dynamic model of alignment (Semler, 1997) was the first attempt to capture all of the relevant variables and relationships that pertained to the alignment construct. While it was inclusive, it also had some weaknesses. It was unnecessarily complex, with ten primary variables. It failed to include performance as an outcome variable, weakening its utility to practitioners. It also did not explain how leadership affected or contributed to alignment. As a first attempt at explaining the construct of alignment it was very useful and effective. To bring the model to a testable state, and to make it simple yet powerful enough for practical use, would require further work.

Model Simplification. The dynamic model of alignment was first developed in 1995, and published in the *Human Resource Development Quarterly* in early 1997. Peer review of the dynamic model of alignment uncovered both strengths and weaknesses. The two major weaknesses, as noted previously, are the lack of a performance component and a level of complexity that makes the model cumbersome to explain. Several academic reviewers commented that the model seemed too deterministic given the increasing evidence suggesting that organizations are complex non-linear systems. Some also questioned a basic premise of alignment–that increased alignment has a positive effect on performance–by suggesting that too much alignment might impair organizational flexibility and thereby decrease competitive performance. In this view, "over-alignment" could reduce openness to diversity of thinking and ideas and make the organization too rigid in response to changing conditions. An improved model would have to take these criticisms into account.

The strategic alignment model was developed using the dynamic model of alignment as a basis. Literature review and analysis of the model verified the core variables and suggested areas for simplification. If strategy were redefined slightly, it could easily account for the influence of both strategic goals and tactics from the dynamic model. Environment was removed from the model as a distinct variable, and was replaced by the consideration of environmental opportunities under strategy. Human resource development (HRD) was removed from the model as a tertiary mediating variable. Performance was simplified and further defined, although the previous definition would still be usable. Behavior was added as a variable, providing the link between processes and performance (O'Reilly, 1989). The influence of processes was changed in response to literature (Galbraith, 1987; Campbell, McCloy, Oppler, & Sager, 1993) that suggested that process capability mediates behavior. The variable labeled reward systems was altered to include non-rational and interpersonal rewards and incentives and relabeled as rewards (Kerr, 1989). In addition, the linkages between leadership and other variables were removed because they did not bear the same sort of relationship as the other linkages in the model. Leadership was removed as a variable and given a different status in the theory. The improved model that resulted was simpler and held greater explanatory power than previous models of alignment.

The Strategic Alignment Model

Strategic alignment is the term that refers to the degree to which all components of the organizational system are cooperating to produce the desired strategic behavior and results. The outcome of strategic alignment is organizational performance. The specific domains of performance that an organization considers important vary case by case. Stakeholder theory suggests that performance must be considered for all stakeholder groups, and not just upon traditional measures like return on investment (ROI), share price, sales volume, profitability, or growth. The strategic alignment model will apply regardless of the specific measure of performance chosen, as long as the measure of performance is one that relies upon the determinants of organizational performance, specified below.

The strategic alignment model has eight variables comprising six dimensions of alignment that contribute to performance. The greater the degree of alignment in each dimension, the greater the overall performance will be.

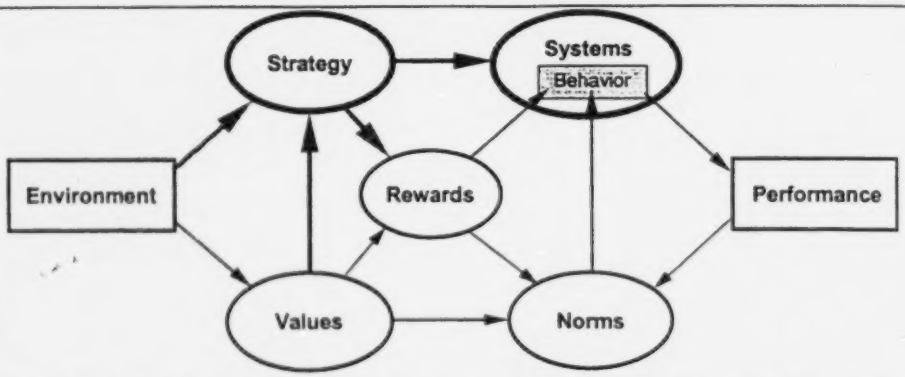

Figure 1. Strategic Alignment Model. The model shows the key variables and their relationships. The relationships that make up the dimensions of alignment are highlighted with bold lines.

Variables

There are eight major variables that pertain to organizational alignment that require definition. These are:

- *Strategy* (independent variable) is the set of rational goal states intended to place the organization in an advantageous position and/or configuration within its environment. Successful strategy depends upon an accurate assessment of internal and external conditions. External opportunities and threats within the organization's environment and internal capabilities and the collective aspirations of the organization provide inputs to strategy. Strategy includes vision, plans, and communication (strategy deployment) at all levels of the organization (Pearce & Robinson, 1994; Wall & Wall, 1995).
- *Values* (independent variable) refer to a set of preferences and judgments concerning what is qualitatively good, bad, desirable, or undesirable. Values are a component of organizational culture and will be shared, in greater or lesser part, by the majority of members of a culture. The culture will transmit values to new members and will maintain a sense of continuity of values over time (Kotter & Heskett, 1992; Schein, 1990).
- *Norms* (independent variable) are informal guidelines for acceptable and unacceptable behavior. They form standards that facilitate interaction between members of a culture, and have a strong influence on the range and frequency of behaviors that members of the culture will display. Norms, like values, are a component of organizational culture and will be shared by the majority of members of a culture and be transmitted over time (Bennett et al., 1994; Schein, 1990).
- *Rewards* (independent variable) comprise the set of policies, procedures, pay and benefits scales, incentive programs, promotion and disciplinary systems, and interpersonal interactions that provide tangible or intangible incentives and disincentives to individual members, groups, and teams within the organization. Rationally designed reward systems are a formal part of the organizational structure that encourages or inhibits specific behaviors (Bechet & Walker, 1993; Britton & Ellis, 1994; Kerr, 1989).
- *Systems* (independent variable) are the structural elements within the organization that move or transform resources (information, matter, energy) to produce desired outputs. The systems variable includes work processes, information systems, financial and administrative control methods, and the structure of the organization. Systems are designed rationally to meet particular goals, but commonly include non-rational components of habit, style, preference, and sub-optimization. Systems represent how resources flow through the organization. Many sub-systems will comprise a typical key organizational process, and the most basic unit of analysis is the individual job. From the smallest filing process to the organizational system as a whole, systems form the rational structure of the organization (Juran, 1992; Rummler & Brache, 1995).

- *Behavior* (mediator variable) is the observable activity of individual and group actors within the organizational system. Any given behavior is directed toward one or more goals of the actor, which may or may not contribute or be intended to contribute to achievement of the strategic goals (Campbell, McCloy, Oppler, and Sager, 1993).
- *Performance* (dependent variable) is the collective output of individual and group behavior in the organization as moderated by the capability of organizational systems. Strategy determines what specific outcomes are to be measured and evaluated as performance. Performance can be represented by the formula (*knowledge x skill x motivation x system capability*) directed toward a specific result (Campbell et al., 1993).

Though not a variable in the alignment model itself, a definition of leadership is important, as the theory suggests that leadership is the means through which the dimensions of alignment may be altered.

- *Leadership* is the combined effort of people at all levels of the organization to encourage and channel the contributions of other organizational members toward desired outcomes. Leadership may be exercised by those with formal or informal leadership roles, and in support of or in opposition to the rationally selected organizational strategy (Davis et al., 1996; Pearce & Robinson, 1994). Leadership's effect on alignment is seen as "the use of interpersonal skills to achieve strategic goals" (McCall, 1993, p. 267).

Dimensions of Alignment

The eight variables of alignment operate on six dimensions. There are two distinct types of alignment dimensions. The elements of two variables may be aligned with each other, producing *between variable* alignment. These dimensions are described by a variable aligned with one other variable. Additionally, several variables are made up of interacting components that may be aligned within the variable. These *within variable* alignment dimensions are described simply by referring to the variable. Overall strategic alignment means that *all* components of the organizational system are cooperating to produce the desired strategic behavior and results.

I. *Alignment of strategy with environmental opportunities* increases the likelihood that the goals selected by the organization will produce the desired performance within the competitive environment while minimizing resource expenditure to do so.
II. *Alignment of systems with strategy* increases efficiency of behavior by removing conflict or friction between systems and work processes and removing systems that detract from efficient strategy-focused behavior.
III. *Alignment of rewards with strategy* increases the likelihood that people will spend their discretionary energy on strategy-focused behavior by providing rational and affective incentive for behaving in ways that support the strategy.
IV. *Alignment of strategy with values* increases the likelihood that organizational members will accept the strategy by selecting goals and tactics that balance environmental and stakeholder imperatives with member values.
V. *Strategy alignment* increases the efficiency of strategic planning and implementation by efficiently linking operational planning and communication efforts to strategic goals.
VI. *Systems alignment* increases the efficiency of goal-oriented behavior by providing efficient linkages between job and group subprocesses that contribute to strategy-focused behavior.

Assumptions

This model of strategic alignment includes several assumptions that define the limits of its applicability. Some of these assumptions also provide logical points to refute the theory. These assumptions are as follows:

- It is not possible to directly change or control the values, norms, and behavior of individuals and groups within an organization.
- The efficiency of organizational behavior is limited by the context of the systems in which it occurs and the discretion of the individual actors within the system.
- Increased goal-directed behavior yields greater performance.

- Effective leadership can increase alignment by influencing the mechanisms that make up the six dimensions of alignment.

The model is intended to include only formal, rational human organizations at the organizational level of analysis. While it may be applicable to virtual, spontaneously forming, or informal organizations, these are beyond the scope of the current theory. The theory may or may not hold at other possible levels of analysis, such the individual, group, community, or industry.

Leadership and Strategic Alignment

The effect of leadership on strategic alignment is indirect but profound. Leadership does not directly affect alignment, but instead affects the variables that make up the dimensions of alignment. According to this model and the research of others in the field (Davis et al., 1996; Kotter, 1996; McCall, 1993), leadership affects alignment through the application of interpersonal skills to coordinate and inspire individual and collective effort toward strategic goals. I note two functions of leadership that can affect an organization's strategic alignment, *structural* and *cultural* leadership.

The coordination of resources and structuring of the organization is a *structural* leadership function. This function affects alignment dimensions I, II, III, and VI through design and control of organizational strategy and systems. Not all researchers agree that this function represents leadership. Kotter (1996) refers to this function as management and distinguishes it from leadership as essentially requiring no inspirational behavior. I disagree in that performing these activities effectively in practice requires a high degree of influence and persuasion skill focused on the organization's strategic goals. By doing the work that aligns strategy and systems, these people are providing leadership that directs and influences the behavior of their fellow employees within the organization.

The inspiration and influence of others' effort is a *cultural* leadership function. This function affects alignment dimensions IV and V by communicating the strategy, the motivational message it carries, and the link between the strategy and the organization's cultural values. This may be the more important function of the two because it convinces people within the organization to adopt the strategic goals as their own, for their own reasons, and unleashes purposeful energy on behalf of the organization that would otherwise be directed elsewhere (Dannemiller & Jacobs, 1992; Quast et al., 1996).

Together, these two functions affect the alignment dimensions by making known the desired outcomes, emplacing incentives and removing barriers, and influencing people to put forth strategy-focused behavior for their own individual reasons. To the degree that leaders perform these functions with a systems perspective in mind, they will be effective in fostering strategic alignment.

Strategic Alignment and Performance

As with the effect of leadership on alignment, the effect of strategic alignment on organizational performance is indirect. Each domain of alignment serves to give an incremental increase in overall efficiency or to focus behavior on strategic goals. The greater the alignment, the greater will be the effect of strategy-focused behavior and, therefore, performance.

Alignment affects performance through its behavioral determinants. Campbell and his partners specified individual performance according to the formula, *"knowledge x skill x motivation = performance"* (Paraphrased, 1993). To represent the organizational context we must add system capability as a factor that can limit or enhance individual performance (Nadler & Tushman, 1989; Rummler & Brache, 1996). Behavior occurs within the context of organizational systems. Taking this into account, the performance determinants become *"knowledge x skill x motivation x system capability = performance."* The dimensions of alignment each affect one or more of the performance determinants as follows:

Strategy ⇒ Environment (Dim. I) affects knowledge,
Systems ⇒ Strategy (Dim. II) affects knowledge, skill, and system capability,
Rewards ⇒ Strategy (Dim. III) affects motivation,

Strategy ⇒ Values (Dim. IV) affects motivation,
Within Strategy ⇳ (Dim. V) affects knowledge, motivation, and system capability, and
Within Systems ⇳ (Dim. VI) affects knowledge, skill, and system capability.

Together, the dimensions of alignment affect the degree of efficiency and effort applied to strategic goals by influencing the performance determinants. Strategic alignment should have an influence any measure of performance to the degree that it relies upon these four determinants.

Summary

The strategic alignment model explains how organizations align or fail to align their components to produce desired performance. Leaders coordinate and influence the strategic, structural, and cultural variables through the six dimensions of alignment. The degree of cooperation and efficient strategy-focused behavior within the context of organizational systems produces performance.

The next challenge for HRD researchers is to construct a way to measure alignment within an organization. Having such a diagnostic tool available would help practitioners focus their efforts and the attentions of organizational leaders on the best "levers" to influence performance. A measurement instrument would also allow researchers to test this model to determine whether the theory really matches with organizational reality. For both purposes, further work on strategic alignment will advance our continually growing understanding of organizational performance.

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Author Notes: Steve Semler is a Training and Development Consultant at Personnel Decisions International, a global human resource consulting firm. In addition to his consulting work, Steve is a doctoral candidate in Human Resource Development at the University of Minnesota. He can be contacted by email at stevese@pdi-corp.com or by telephone at 612.373.3468 and welcomes comments and suggestions.

The Role of Scenarios in Business Strategy and Human Resource Development

Susan A. Lynham
Joanne Provo
Wendy E.A. Ruona
University of Minnesota

Continued interest in the Scenario Planning process has prompted further exploration of this methodology the use of scenarios to enhance the strategic planning process. This paper provides a definitional context for scenario and strategic planning and invites HRD scholars and practitioners to explore the use of Scenario Planning as a means to leverage three key roles in strategy formulation and implementation.

Scenario Planning is increasingly gaining critical attention as a powerful methodology associated with strategic planning. However, there is still some confusion, as is typical with newer ideas, about how Scenario Planning can enrich traditional strategic planning (De Geus, 1997; Georgantazas, 1995; Huss & Honton, 1987; Schwartz, 1991; Van der Heijden, 1996; Wack, 1985a & 1985b). Much of the feedback heard at the 1997 AHRD Conference (Miller, Lynham, Provo, St. Claire, 1997) where an introduction to Scenario Planning was featured, as well as in the larger HRD and strategic planning communities, involves curiosity about how these two processes differ, how they might complement one another, and how scenarios as learning and decision-making tools affect traditional strategic planning methodologies. In order to explore these curiosities and add critical theoretical knowledge to the field of HRD, the following discussion will probe deeper into the questions that exist about Scenario Planning and strategic planning. In addition, other core, related methodologies employed in traditional strategic planning, such as forecasting and simulation, will be analyzed in an effort to better identify and articulate specific differences, benefits, and limitations.

Scenario Planning is also a powerful tool that can improve the capability of HRD professionals to fulfill more strategic roles in organizational business planning. During the last few years, there has been increasing discussion about how HRD professionals must be a more integral part of the strategic planning process (Lee, 1997; McLagan, 1989; Torraco & Swanson, 1995). Current forces are shaping a future where the success and survival of today's organizations is increasingly dependent on human development and performance (Pfeffer, 1994; Thurow, 1996). Given this future, the pressure is on for HRD professionals to continue exploring their roles and to master methodologies and tools that ensure their effectiveness in preparing for multiple plausible futures and the creation of organizational strategy.

A 1995 article by Torraco and Swanson proposed two strategic roles of HRD: (a) strategy supporting—"assuring the competence of employees to meet the organization's present performance demands" and (b) strategy shaping—"shaping strategy and enabling organizations to take full advantage of emergent business strategies" (p. 11). These and other authors have proposed a variety of roles that HRD can play in business strategy. Expanding on the work of these previous authors, it is proposed here that HRD can serve *three* critical roles in business strategy: (a) a shaper of strategy (Torracco & Swanson, 1995), (b) an implementor of strategy, and (c) a developer of the human expertise necessary to shape and implement business strategy. Scenario planning can serve as a critical component for enriching these key roles. A second goal of this paper is to more specifically address how Scenario Planning is uniquely positioned to leverage these three key strategic roles and ensure HRD's participation in the strategic conversations and practices of the organization.

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Research Questions

The purpose of this paper is to further delineate Scenario Planning in terms of how it compares and/or connects with strategic planning and how it can affect the role of HRD professionals in the development and execution of organizational strategy. Two specific questions guided the research. They were:

1. What are the differences between traditional methodologies of strategic planning (and related notions such as forecasting, simulation, etc....) and Scenario Planning? How do these differences impact traditional strategic planning?
2. How might Scenario Planning inform and leverage three key roles of HRD professionals (shaper, implementor, and developer) in business strategy processes?

Methodology

The methodology that underlies this paper has consisted of two main components. First, an extensive review of Scenario Planning and strategic planning literature and research from a variety of academic disciplines was conducted, building from past literature reviews with the intent of probing deeper into specific issues rather than providing a breadth about the entire topic of Scenario Planning. This literature was analyzed and synthesized to systematically add knowledge to the field of HRD.

Second, electronic surveys (Borg & Gall, 1989) were conducted with practitioners and academics who are recognized in their respective fields as experts in the area of Scenario Planning. Using the above-mentioned literature review as a basis for the survey design, the purpose of the interviews was to query scholarly experts to address critical issues relating to Scenario Planning. Questions were designed to gather information about various critical issues and two questions, in particular, specifically addressed the research questions stated above. Surveys were conducted over e-mail and/or fax in order to provide the researchers with written responses and minimize error in identifying common themes. Once completed, the researchers conducted a thorough and systematic analysis that involved the identification of essential themes.

Scenario Planning and Strategic Planning: A Comparative Overview

The introduction of newer concepts such as Scenario Planning demands clear articulation of related definitions and meanings. Terms such as 'scenario' and 'scenario planning' have been used in literature for a long time. However, the terms as used here are different from some existing notions and especially those that are typical in common business practice. The following section of this paper discusses key terms associated with this new methodology.

Strategy There is no universally accepted definition of strategy. Traditional views conceived of a strategy as a specific, programmed plan to move an organization from point A to point B. This conception is insufficient when engaging in the process of Scenario Planning. Rather, a conception of strategy that is more aligned with Scenario Planning is that of Mintzberg (1994) who proposes a five form definition of strategy: (a) plan, (b) ploy, (c) pattern, (d) position, and (e) prospective. For our purposes here, a strategy should be thought of as a more dynamic device. Strategy is a

> pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole...and helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents. (Quinn, 1988, p.3)

Scenarios Traditionally, scenarios have been understood to be developed cases where one or a very limited number of variables are manipulated and the results identified as alternative situations that organizations may face (Plott & Humphrey, 1996). The Webster's II New

Riverside University Dictionary (1994) defines a scenario as an "an outline of a hypothesized or projected chain of events" (p.1043). Neither of these definitions fully describe the meaning of scenarios in the new methodology of Scenario Planning.

Van der Heijden (1996) defines scenarios "a set of 'stories' about alternative possible futures" (p.7). Rather than simply identifying one or a few key variables to manipulate or arriving at one conception of the future, scenarios take the form of stories or plot lines that allow an organization's members to fully explore an array of possible future events through the identification of (a) major organizational and environmental forces driving change, (b) the interrelationships of these forces, and (c) critical uncertainties in the future environment. Often overwhelming and confusing information is ordered through a process that results in rich narrative plot lines. Scenarios allow organizational members to examine forces which are present in their environment and explore possibilities that exist in an unknown future. They help people recognize more of what is going on around them, including the early, weak signals of change (Kahane, 1996).

Most importantly, scenarios provide a tool "for ordering one's perceptions about the future environments in which decisions might be played out" (Schwartz, 1991, p. 4). They are especially powerful because "they deal with two worlds: the world of facts and the world of perceptions" (Wack, 1985, p. 140). Scenarios guide organizational members in an exploration for facts, but the result is a gathering and transformation of information (or lack thereof) into new perceptions inside the heads of decision makers.

Scenario Planning Scenario Planning is different from traditional strategic planning and other related methodologies. Due to limited space here, Table 1 compares various planning methodologies to the Scenario Planning process (see Miller, Lynham, Provo, St. Claire, 1997 for a full definition), outlining the most pertinent similarities and differences. While strategic planning, business forecasting and simulation are commonly used and understood techniques, it should be noted that this matrix is not a comprehensive table of methodologies.

Table 1. Comparison of Traditional Planning Methodologies to Scenario Planning

Techniques	Purpose of Methodology	Similarities with Scenario Planning	Differences from Scenario Planning
Strategic Planning	Propose a future course of action by analyzing the past and a limited notion of the future environment (that which is predictable).	• Both require an analysis of the present state (i.e. SWOT analysis).	• Scenarios are not viewed as a forecasted future, but as perception devices assisting in learning and communication. • Scenarios focus on ambiguity and critical uncertainties in the environment which defy prediction.
Business Forecasting	Summarize strategic outcomes of the planning exercise into a set of possible outcomes (i.e. best case, worst case, most likely).	• Both require an analysis of the present state. • Both entail an interpretation of future-state trends.	• Strategy development and investment is based on what is considered to be one set of most likely outcomes.
Simulation	Integrate the use of probability distribution in financial modeling to select the most likely situation (i.e. @ RISK software, etc...).	• Both require integration of present state analysis. • Both entail a systematic view of predicted future states.	• Attempts to predict the future by determining the set of circumstances that are most likely to be realized.

The three methodologies explored in Table 1 are inadequate to deal with the pace of change that organizations face today and will increasingly need to cope with to remain competitive in the future. In 1994, Mintzberg asserted that strategic planning is not strategic

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thinking and in many cases can spoil it. In his view strategic planning had become strategic programming. Hamel and Prahalad (1994) provide further support to this critique in pointing out that traditional strategic planning processes fail to take into account the creative processes that generate breakthroughs and prompt genuine shifts in strategic direction.

The Scenario Planning Process can address many of the deficiencies identified above by being integrated into an ongoing strategic planning process—in fact, it is a necessity. Torraco (1997) states that "strategic planning is artificial without scenarios" (p. 1). Scenarios "provide a tremendous front-end input to the strategic planning process" (Schriefer, 1995, p. 38). The real value of the Scenario Planning process is its ability to guide organizations through a discussion about complex, uncertain, and emergent futures through a systematic and rational process (Schriefer, 1995). Scenarios also provide richness to planning by integrating a systems perspective, fostering organizational learning, challenging mental models, and enhancing organizational-wide strategic conversation. Galer (1997) stated that scenarios enhance the strategic planning process by "challenging mental models and giving scope for imagination, without threatening the prerogative of managers to take decisions" (p. 1). The methodology stretches the boundaries of possibility and embeds a new way of thinking in the organization. This way of thinking enables organizational members to recognize that a number of plausible futures exist and better equips them to initiate strategies which are robust given these notions of the future. Used in this way Scenario Planning presents "an efficient approach to strategic business planning, focusing on business ideas in an uncertain world" (Van der Heijden, 1996, p.2). It supports a growing interest in stimulating creativity and foresight within organizations.

The key message for those interested in Scenario Planning is that successful scenarios can not be built and used in isolation. The fundamental components of strategic planning, which require an examination of organization mission, vision, strategic goals, and a thorough analysis of the internal and external environment are necessary and can successfully co-exist with a successful Scenario Planning methodology. It must also be noted, and will be further elaborated on in the remainder of this paper, that the successful practice of Scenario Planning requires some fundamental shifts in ways of thinking and acting on the part of decision-makers and leaders in an organization. These shifts have been outlined and presented by way of From-To changes necessary for successful scenario planning and are indicated in Table 2 below.

Table 2. Key From-To Shifts Embedded in Scenario Planning

FROM →	TO
Personal knowledge and individual learning	Institutional knowledge and learning
Driven by a threat of short term impact	Driven by a threat of long term impact
Looking for and responding to big bank signals	Looking for and responding to subtle, smaller signals
Single looped learning	Double looped learning
'Telling the future' to organizational members	Inclusive strategic conversations about the future
Predict-and-control of the future	Anticipation and response to multiple, plausible futures
A single view of the world	Integrated, multiple views of the world
One time development of 'best' strategy	An ongoing strategy process
Planning as a mechanism for reducing risk	Planning as a mechanism for balancing acceptable, calculated risk with unwarranted levels of risk
Belief that seeing further is seeing better	Belief in balanced looking ahead while paying attention to what's happening now
Belief that it is possible and useful to predict the future	Belief that the future cannot be predicted and therefore irreducible uncertainty cannot be ignored
Forecasting done by experts	Involving decision-makers in seeing past outcomes to driving forces that could move the business in various directions
Deciding what is to be forecasted	Allowing multiple plausible futures to emerge from the natural agenda of the environment and decision-makers

Based on the work of Kees van der Heijden, 1996.

HRD Roles and Scenario Planning

Recent discussion has focused heavily on the role of HRD professionals in the strategic planing processes of organizations. While most literature has called for stronger HRD leadership (Nadler & Nadler, 1990; Stacey, 1993; Willis, 1991), there is still relatively little understanding of specific roles and nature of activities required to provide this leadership (Conine, 1997). Expanding the work of Torraco and Swanson (1995), it is proposed that HRD can fulfill three specific strategic roles: (a) a shaper of strategy, (b) an implementor of strategy, and (c) a developer of the human expertise needed to shape and implement strategy. Scenario Planning is a valuable catalyst for these three strategic roles. The following is a brief description of each of these strategic roles together with a short, preliminary description of how Scenario Planning might catalyze and leverage HRD to engage in each of the roles.

HRD as a Shaper of Strategy Torraco and Swanson (1995) consider the role of shaping emergent strategy to be of an influential and important nature. The ability of an organization "to advance from a solid base of proven competence within distinctive market niches to exploit emerging business opportunities in related areas" (p. 15) is at the essence of this shaping role. For an organization to be able to exploit and respond quickly and appropriately to emerging market/business opportunities it is imperative that they have and continue to hold "state-of-the-art employee expertise" (p. 15). HRD must continually push organizations to fully grasp how vital human expertise and capabilities are to their strategic futures. It is this expertise that enables the organization to recognize emerging business opportunity ahead of the game, and to respond to this with nimbleness, flexibility and effectiveness. It is this very nature of Scenario Planning that champions HRD in this role as a shaper of strategy. It does this in a number of ways.

First, Scenario Planning builds organizational muscle and nimbleness and increased capability to recognize signals of business opportunity against the backdrop of an increasingly complex business environment (Van der Heijden, 1996). Organizations of today are faced with the challenge of making smart and robust business choices against a plethora of alternatives, chaos and complexity. The difficulty is no longer one of increasing choices, but rather of how to make the most effective choices in the face of a multiplicity of alternatives, and to do so faster and more effectively than ones' competitors. Scenario Planning helps to build an integrated capability to respond well and enduringly in a continually emerging business environment. It does so by helping the organization realize how the way that they see the world shapes their strategic conversations, and in turn affects strategy formulation and implementation (Van der Heijden, 1996).

Second, through the Scenario Planning process participants and decision-makers are kept alert and open to the risk inherent in strategic planning—the risk of locking on to one future/plan. This tendency was described by Van der Heijden (1996) as the "crisis of perception" (p. 31). Scenario Planning counteracts this crisis by imposing a constant interplay and interaction between the strategy and emergent futures and forces, thereby increasing the chance to respond rapidly, nimbly and enduringly to emergent business environment and opportunities.

Third, through Scenario Planning "multiple plausible futures become a test-bed for policies and plans" (Van der Heijden, 1996, p. 16). Unlike more traditional strategic planning processes, scenarios are not the decision, but merely mechanisms for producing information relevant to decision-making—the latter being evaluated against each scenario. Multiple policies and plans can be pulled through each scenario to test for their robustness to ensure better decisions and projects under a variety of futures.

The active engagement of HRD in the Scenario Planning methodology and the resulting outcomes highlighted above can provide high leverage for HRD to help shape strategy. In order to do this, HRD must further its own knowledge of the business. Torraco (1997) states that

> to be taken seriously, HRD must supplement its professional and technical knowledge (e.g. change, process skills, learning, etc....) with business-related capabilities. Planning and decision-making go hand in hand, but require a fundamental understanding of the business-industry-organization-environment context. HRD can add tremendous value to scenario planning...but only if it is invited (or proactive enough) to engage in planning. (p. 2)

If HRD can achieve this charge, it will help organizations shape strategies that can optimize human potential and emerging business opportunities. Scenario Planning can become a vital technique for enabling HRD to become actively involved in the shaping of strategy in organizations.

HRD as an Implementor of Strategy It has been asserted that HRD has the potential to increasingly contribute to an organization's performance. In order to do this, HRD must continue to expand its notions of where and what it can do. Scenario Planning provides a vehicle for HRD to become intimately involved in the strategic processes of the organization by engaging in a number of key activities.

First, Scenario Planning demands intense buy-in and commitment to systems theory/thinking as well as to the implementation of the principles and essences of the learning organization. HRD can use its theoretical understanding of these areas to foster this fundamental reorientation in the organization and its individual members.

A second key contribution of HRD can be in its ability to help build a shared language for understanding and anticipating emerging business environments. A shared language is a direct result of effective processes of organizational conversation that allow for multiple perspectives to be compared, challenged, and negotiated. Galer (1997) supports this in stating, "HRD people can have a useful role in facilitating strategic conversation" (p. 1). HRD's knowledge of group processes and human development facilitate this kind of conversation-building. It also helps to ensure that the core business idea of an organization is clearly and jointly articulated and understood. It is vital that HRD plays a value-free role—suspending their own agendas and perspectives and facilitating frameworks that will allow shared meaning and understanding to emerge.

Third, but equally important as the contribution stated above, is the need to create and maintain networks where knowledge and learning is transferred out of the hands of experts and into the mainstream of the organization. Lee (1997) discusses the key role that HRD can play in examining the processes that underlie human interaction, development, and organization. Networks are more than serendipitous occurrences. HRD can proactively create structures and mechanisms for purposeful, networked relations throughout the organization. These and other people-processes are key in the successful implementation of the Scenario Planning methodology. They ensure that "the process of strategic conversation is embedded in the organizational mechanisms" (Van der Heijden, 1996, p. iii).

Finally, HRD can, of course, contribute through its ability to facilitate the steps and activities involved in the actual Scenario Planning methodology. Effective facilitation entails demystifying Scenario Planning and making it increasingly explicit and accessible to multiple organizational members. Extending this facilitator expertise even further, HRD must also play a vital role in holding decision-makers true to the methodology. This will ensure that the strengths of Scenario Planning and strategic planning are combined into a powerful learning and decision-making tool for the organization.

HRD as a Developer of Human Expertise

Thinking: Developing Expertise to Foster a Strategic Perspective. Scenario Planning demands that HRD broaden its notion of development of human expertise and even more fully realize the potential of its human resources. First, Scenario Planning, ultimately, is a process that requires intense participation from individuals. For many individuals involved, the process demands a new way of understanding and perceiving the organization and business environment. HRD will need to increasingly develop new cognitive, perceptive, and strategic-thinking skill sets. Rather than simply assigning responsibilities for implementing strategy, HRD can help

expand the organization's capacity to leverage the potential of its human resources for the planning process itself.

Second, it is important to recognize that Scenario Planning is based on an integrative learning model (Van der Heijden, 1996)—a model that promotes (a) action paired with learning (double-loop) and (b) behavior as a living system capable of constant adjustment and reorganization. HRD can be a catalyst in organizations for adopting the kind of learning culture that is required. Organizations will "need to build up related capabilities for perception, reflection, the development of theories about the environment, and joint action" (Van der Heijden, 1996, p. 40).

Third, Scenario Planning fosters on-going conversations about the future—conversations that involve multiple people and perspectives. Rather than "telling the future", these conversations require a language and structure that bridge this inherent diversity. HRD is uniquely positioned to develop processes and interventions that cultivate this language and structure. Without these critical components, organizations cannot effectively engage in Scenario Planning.

Acting: Developing Expertise to Implement Strategy. Traditional strategic planning methodologies have resulted in one plan developed by 'experts' that was then rolled-out to the rest of the organization in the hope of coordinated action towards a predetermined goal. Scenario Planning requires very different implementation behavior from organizational members. The premise underlying Scenario Planning is institutional learning that integrates individuals, groups, and the processes in which they work (Van der Merwe, 1997)—ensuring that all members of the organization are "rolled-into" continuous learning. This premise is rooted in shared and integrated mental models of plausible futures. The result is coordinated, joint action that is fundamentally different from what most organizations have experienced before.

Rather than working towards one plan, individuals engage in a process of keeping alert to emergent business signals and opportunities. They learn to look deeper at what comes at the organization—interpreting the signals/events in terms of how they impact the larger system and structure. This builds causal rather than probabilistic thinking. This new way of thinking equips individuals/groups to continually adjust and realign their priorities and actions. In this way, planning, action, and learning become a continuous, interactive cycle (De Gues, 1997). The theoretical knowledge inherent in HRD can ensure the development and practice of this cycle.

Conclusion

The work of this paper makes a contribution to the field of HRD by detailing how the Scenario Planning methodology can enrich the decision making capabilities of organizational leaders. This work has described the process and benefits of incorporating Scenario Planning into the strategy process—an issue of critical concern and importance when futures are uncertain, unpredictable and increasingly ambiguous. The Scenario Planning process analyzed and discussed in this paper offers opportunity for linking practices of organizational learning directly with organizational performance. Forging such organizational links will add value to the broader business application and integration of the Scenario Planning methodology and to the role that HRD can play in the shaping, supporting and implementing business strategy. The critical need for HRD to engage in this endeavor is underscored by Torraco (1997) when he asserts that "while the strategic importance of HRD is frequently acknowledged, the field has had little in the way of real strategic value to date" (p. 2).

In an era where human resources and expertise are clearly becoming a critical source of sustainable competitive advantage (Pfeffer, 1994), the commitment to ongoing capability development takes on a strategic importance. This emerging reality affords the unique opportunity for HRD to play at least three core strategic roles (shaper, implementor, and developer) in building a reservoir of capabilities and potentialities within organizations. The leverage to step up to this role—to begin to think, act and impact strategically within organizations—can be greatly enhanced through the active engagement and mastery of the

Scenario Planning methodology. How this and similar processes can add value to the core business of an organization is another challenge to HRD, and one well worth consideration in the future.

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Strategic HRD aligning and HRD effectiveness

Ida (A.) A.M. Wognum[1]
Roel J. Bosker
University of Twente, Enschede. The Netherlands

This study examines the relationship between strategic HRD aligning and HRD effectiveness in companies. Stakeholders of two types of HRD programs (automation and social skills), and from companies in two economic sectors (industry, and financial and commercial services) were asked to complete a questionnaire. Variables include among others the actual performed strategic HRD aligning and its perceived quality, and the effects and effectiveness of selected HRD programs. Results from one stakeholder group, namely HRD participants, are reported. For this group the hypothesized relationship that increased quality of strategic HRD aligning leads to increased effectiveness of HRD programs is confirmed. The size of the effects of the effect of strategic aligning on effectiveness, however depends on the economic sector and type of HRD program.

The survey reported here is part of the 'Strategic HRD' project in which the effects of strategic HRD in companies are studied. Strategic HRD is defined as the process of assessing organizational strategies, problems and developments in order to find important HRD needs and to provide HRD programs that address these needs. To be strategic, these programs need to provide employees with the competencies needed to improve their work performance so that they can contribute to the achievement of important organizational goals (Bergenhenegouwen, Mooijman & Tillema, 1990; Torraco, 1995). A central issue is the strategic aligning of HRD to the company's situation, which means that HRD programs have to be closely linked to this to provide employees with the right competencies at the right time (Torraco, 1995). Strategic HRD aligning refers to the interrelationship between HRD representatives and relevant company officials at the various levels of the organization, the so-called HRD stakeholders. This paper focuses on the impact of strategic aligning on the effectiveness of corporate HRD programs, from the perspectives of one stakeholder group, namely the HRD participants.

Theoretical Framework

This study fits within a framework of literature on strategic HRD and HRD effectiveness, and is also related to theories based on the systemic approach. Literature and research reveals that to be strategic and effective, HRD needs to be strongly aligned to the company's situation and the real training needs of relevant stakeholders (Torraco, 1995; Wognum, 1995). Strategic HRD aligning is a key concept of HRD policy making, which is the process of determining the HRD goals and strategies in organizations by examining organizational strategies, problems and developments (further referred to as 'problem'). The systemic theories plea for more vertical integration between HRD policy processes at the strategic, tactical and operational levels of the company (Banathy, 1991; Rummler & Brache, 1995; Swanson, 1994). HRD policy making at the strategic level has to be translated into tactical and operational levels to achieve HRD effectiveness. Research indicates a limited practice of this kind of policy integration within companies (Wognum, 1995; Wognum & Mulder, 1997). An important question concerns the way of performing HRD aligning processes. These kind of processes lead to agreements on the deployment of HRD programs at the organizational level and the implementation of these programs at the functional level of organizations. Several dimensions are to be distinguished in this concept of strategic HRD aligning. One of those concerns *participation*, meaning the participants at the various

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organizational levels involved in strategic HRD aligning. Theoretically, optimal strategic policy making should take place at the strategic, tactical as well as the operational level in organizations, with the involvement of relevant stakeholders at each level. A second dimension concerns the *information* needed to get more insight in the 'problem' and related HRD needs, to be able to decide which HRD goals and objectives are important to align HRD programs to the company. A third dimension concerns the *nature of the aligning procedure*, which refers to the more or less formal consultative structures and information gathering procedures in the aligning process. The fourth dimension, *decision making*, points to the process of setting HRD goals and objectives for the HRD programs. The results of earlier performed case study research (Wognum, 1994, 1995) indicate strategic HRD aligning as a necessary condition to a meaningful evaluation of HRD effectiveness. As a follow up of the case studies, the present large-scale empirical research is conducted to study the potential effects of strategic HRD aligning on the effectiveness of HRD programs. *Effectiveness* is then conceived as: the extent to which the HRD goals and objectives (the planned results) are reached. In order to define the level of HRD effectiveness, *HRD effects* can be measured at the following levels: the learning level (effects on knowledge, skills and attitudes), the behavior level (effects on job performances of individual employees), and the results level (effects on the performances of groups, departments or the company).

Research questions and hypothesis. In the study presented two things are important. First: gaining an insight into strategic HRD aligning and HRD effectiveness in companies. The research questions thus are: 1. To what extent has strategic HRD aligning taken place in companies? 2. Does strategic aligning vary for different types of companies (industry or financial/commercial services) and different types of HRD programs (automation or social skills) 3. To what extent are HRD programs perceived as effective? Second: exploring the relationship between both. The hypothesis then is: 4. *Increased quality of strategic HRD aligning leads to increased effectiveness of HRD programs*. As an extra exploratory research question we moreover add: 5. Do the (potential) effects of strategic HRD aligning on HRD effectiveness vary for different types of companies (industrial or financial/commercial) and for different types of HRD programs (automation or social skills).

Methods

The survey reported here was carried out as part of a larger survey among companies in the Netherlands with more than 500 employees. These companies were selected from a national database and belonged to various economic sectors. The present study has started from the group of companies that was already studied in an earlier part of the larger research project (Wognum & Mulder, 1997).

Sample. Companies were selected from the aforementioned research group of 107 companies (64 from the industrial sector and 43 from the financial and commercial services sector). Selection criteria were, among others: 1. Training is provided for two or more groups of employees, each group working on another level in the organizational hierarchy, and training concerns two kinds of frequently recurring fields of HRD activities (i.e. automation and social skills; 2. The company has already provided a specific HRD program in the field of automation or social skills. This program had to be completed in 1996, in order to be able to assess potential effects. Thus 88 companies were selected, 43 companies with HRD programs in the field of automation and 45 with programs for social skills development. In the end, 23 companies with HRD programs in the field of automation and 21 companies in the field of social skills development agreed to participate in the study. Analyses showed no systematic non-response bias. Within the companies, four categories of respondents were selected, the HRD company representative, a maximum of 15 participants of selected HRD programs, their supervising manager, and (if present) their subordinate. All groups can be considered as important stakeholders in strategic HRD. The first mentioned selection criterion was important to enlarge the number of possible respondents.

Data collection. Data were collected in the spring and summer of 1997, by means of four comparable questionnaires sent to the aforementioned four groups of respondents. In order to improve the response rate, the questionnaires were delivered personally to the HRD official in

each studied company. The other respondents were selected at random and the questionnaires for each group were sent by the company's internal mail transport. In this paper only the results of the group of HRD participants are object of study.

The four questionnaires were designed to collect information on variables derived from the aforementioned theoretical framework and comprises groups of questions and statements. The questions had precoded and some open answers, and were related to the four dimensions of strategic HRD aligning, i.e. participation (in problem analysis and problem solution), information (on several information categories), the more or less formal nature of consultative structures and information gathering procedures in strategic HRD aligning, and the decision making process of setting HRD goals and objectives. The statements concern opinions of respondents on, among others, the quality of the strategic HRD aligning process (in total 22 statements of which five on participation, five on information, five on the formal nature, and seven on the decision making process), and the perceived HRD effectiveness (10 statements). The statements (items) had answers on a 5 point scale, running from 1 (totally disagree/not at all) to 5 (totally agree/completely) and a possible score 6 (for unknown, no idea, or not relevant).

Response. For the automation response group a total set of 752 questionnaires was sent out (to 23 HRD company representatives, 320 trainees, 277 managers, 132 subordinates). For the 'social skills' response group a set of 740 questionnaires was sent out (to 21 HRD company representatives, 292 trainees, 251 managers, 176 subordinates). For the group of companies with social skill programs, all 21 HRD company representatives filled in the questionnaire, the response rates for the other groups of respondents are 63% of the trainees, 49% managers, 49% subordinates. For the group of companies with automation programs, all 23 HRD company representatives filled in the questionnaire, 54% of the trainees, 43% of the managers, and 29% of the subordinates. The group of HRD participants, which is object of study in this paper, has a sample size of 357. The sample size of the companies in this study is 44.

Analysis. To arrive at answers to the research questions the analysis is straightforward where descriptive statistics, cross-tabulations, chi-square analysis and one-way analysis of variance suffice. Confirmative factor analysis with varimax rotation (with .40 being used as the minimum factor-loading level) and reliability analysis (with .30 being used as the minimum item-rest correlation) were used to identify the presence of the four dimensions of strategic aligning, and to construct the opinion scales. These scales are based on the items concerning the perceived quality of strategic aligning, and the effectiveness of HRD programs. The scales were used to examine the focal question "does strategic aligning increase the effectiveness of HRD". In answering this focal question, we face two problems. The first is that respondents may avoid cognitive dissonance: it is not very likely that they will rate a course as effective while at the same time they rate the strategic aligning process as qualitatively poor. The second problem is that a two-stage sampling design is employed (first a sample of companies, then within each company a sample of respondents) resulting in a clustered data-structure. We turned the second problem into our advantage by using multilevel statistical models, which allows us at the same time to handle the first problem.

Multilevel statistical models (cf. Goldstein, 1995) are suited for handling data with a hierarchical, nested structure. These models allow us to make statistical inferences both at the level of respondents (the sample size of which is 357) and at the level of companies (the sample size of which is 44). Using these models it is possible to distinguish between within and between company relationships between variables. In the case of the present study we constructed on the basis of the perceived quality of the strategic aligning process an aggregated measure for each company (the mean of the individual scores). We then calculated individual deviation scores per company by subtracting from the original individual score the company mean. By regressing the effectiveness score both on the individual deviation score for strategic aligning and on the company mean for strategic aligning we are in a position to cope with the problem of respondents avoiding cognitive dissonance: if avoiding cognitive dissonance affects the estimate of the association between strategic aligning and effectiveness then this relates to the within company regression coefficient, but not the degree that the between company regression coefficient exceeds this within company regression coefficient.

Refraining from intercept and residual terms the statistical model looks like

$$Eff_{ij}=\beta_1(SA_{ij}-SA_j)+\beta_2 SA_j+(...) \quad (1)$$

In words: the effectiveness score of respondent i in company j is regressed on the mean for company j for strategic aligning (SA_j) with regression coefficient β_2, and the position within company j that a respondent i has on the strategic aligning scale ($SA_{ij}-SA_j$). If we reshuffle model (1) somewhat we see that this model is equivalent to:

$$Eff_{ij}=\beta_1 SA_{ij}+(\beta_2-\beta_1)SA_j+(...) \quad (2)$$

There is no psychological explanation for $\beta_2-\beta_1$ to be greater than zero: why should there be an extra effect of the mean strategic aligning score over and above the effect of the individual score on strategic aligning on the effectiveness score? For the individual level effect the psychological explanation of avoiding cognitive dissonance may hold, but not for this -so called- contextual effect. Therefore $\beta_2-\beta_1$ gives a 'hard' answer with respect to the focal research question.

With respect to the additional questions whether the relation between strategic aligning and effectiveness may differ between economic sectors (industry vs financial/commercial services) and/or between types of HRD programs (social skills vs automation) we simply adapt the analysis strategy by including the appropriate interaction effects in the multilevel regression model.

Results

Actual Strategic HRD aligning. Tables 1 up to 4 inclusive present the actual participation, information, nature of aligning procedure, and decision making, which are perceived as the four dimensions of strategic HRD aligning.

Actual participation. Table 1 indicates that 35% of the responding HRD participants were involved in the analysis of the problem that served as the main reason for starting the selected HRD program, while 29.5% of the respondents participated in the problem solution process. Significant differences in actual participation, using a Chi-square test, were found in favour of social skills programs. Although 62.5% of the respondents were not involved in problem analysis and/or problem solution, 55.5% of the respondents think that that participation in problem analysis or problem solution is important, and 20.4% think it even to be very important. This importance was measured on a 5 point scale, running from 1(very unimportant) to 5 (very important) (M= 3.87; SD= .86). Participants in social skills programs indicate participation as more important (M=4.07, SD=.76) than participants in automation programs (M=3.65, SD=.91) (p=.000), and they are also more times involved in strategic HRD aligning (M=.83, SD=.91) than participants in automation programs (M=.42, SD=.77) (p=.000).

Table 1: percentages, means and standard deviations of involvement in participation in strategic HRD aligning, and differences per economic sector of companies and type of HRD programs (only the significant differences are reported)

				differences for	
variables	*%*	*M*	*SD*	*sector*	*type of program*
participation in problem analysis	35.0				*** +
participation in problem solution	29.5				*** +
importance of participation		3.87	.86		*** +
number of participation times		.64	.87		*** +

N=357 ***: p< .001

+: significant difference in favour of social skills programs

Actual information. Table 2 presents the results on the information dimension of strategic HRD aligning. Information is provided by 38.6% of the respondents on various information subjects. Most information is provided on the knowledge, skills and attitudes of the HRD

participants (18.3% of the respondents), followed by information on the working procedures of the teams to which respondents belong (13.5%), and respondents' jobs or tasks (12,3%). Although respondents indicate the importance of providing some information in the aligning procedure (M= 3.84, SD = .86), they had not substantially provided information on one or more information categories (M= .59, SD = 1.04). Significant differences were found in favour of social skills programs where providing information was seen as more important (M= 3.93, SD= .80) than in the case of automation programs (M= 3.74, SD= .91) (p= .04), and with more information categories (concerning respondents' jobs/tasks, or the working procedures or policy of the teams to which respondents belong) (M= .79, SD=1.24) than in automation programs (M= .37, SD= .69) (p= .000). The importance was measured on a 5 point scale, running from 1 (very unimportant) to 5 (very important).

Table 2: percentages, means and standard deviations of providing information in strategic HRD aligning, and differences per economic sector of companies and type of HRD programs (only the significant differences are reported)

				differences for	
variables	*%*	*M*	*SD*	*sector*	*type of program*
providing information	38.6				***+
on my knowledge, skills, attitudes	18.3				*+
on my job/tasks	12.3				*+
on my team's working procedures	13.5				*+
on my team's results	2.0				
on my team's policy	5.7				**+
on processes of my company	4.9				
on results of my company	-.-				
on the policy of my company	1.7				
on company external affairs	0.3				
on other affairs	1.7				
importance of providing information		3.84	.86		*+
number of provided inform. Categories		.59	1.04		***+

N=357 *: p<.05 **: p<.005 ***: p< .001
+: significant difference in favour of social skills programs

Actual nature of aligning procedure. In Table 3, information on the actual consultative structures and information gathering procedures is presented, indicating the more or less formal nature of the strategic aligning process. The table reports that strategic aligning has taken place in formal meetings (14.2%), as well as in more informal structures like corridor chats (14.5%). In only 8.7% of the cases a specific structure (e.g. project group or sounding board) was installed in order to consider the problem that served as the main reason for starting the selected HRD program. Significant differences in favour of social skills programs were found for formal and temporary consultative structures, which indicate a more structured aligning procedure for this type of HRD programs. However, 51.4% of the respondents were not involved in any consultative structure, and this was significantly more the case for automation programs than for social skills programs. Respondents of social skills programs were significantly more involved in consultative procedures (m=.61, SD= .53) than in the case of automation programs (M= .40, SD= .53) (p= .000). The same was the case with the number of applied information gathering procedures where for social skills M= .81 (SD=.92) and for automation M= .48 (SD= .59) with p= .000. Table 3 reports that 44.9% of the respondents did not gathered any information to clarify or explain the problem that served as the main reason for starting the selected HRD program. Most of the information gathered by respondents concerned their own job and tasks (23.3%) and this was significant more the case in the industrial sector than in the sector of financial and commercial services. In the aligning procedure for social skills programs significantly more information was gathered by looking at the results of the teams respondents belong to, and by applying various information gathering techniques (e.g. SWOT-analysis, environmental scanning, trend analysis), than for automation programs.

Table 3: percentages, means and standard deviations of involvement in consultation structures and information gathering procedures in strategic HRD aligning, and differences per economic sector of companies and type of HRD programs (only the significant differences are reported)

				differences for	
variables	*%*	*M*	*SD*	*sector*	*type of program*
involvement in consultative structures					
not involved	51.4				**-
in a formal/regular meeting	14.2				**+
in a temporary consult. structure	8.7				*+
in informal consult. structure	14.5				
in other kinds of consult. structures	15.0				**+
information gathering procedures					
no information gathering	44.9				**-
involved in a test / other evaluation procedure	6.4			*–	
looking at own tasks/job	23.3			*–	
looking at my team's working procedures	17.5				
looking at my team's results	5.0				***+
applying inf. gathering techniques	3.2				**+
looking at documents like policy plans	5.2				
other information gathering procedures	7.0				
number of consultative structures involved		0.51	.59		**+
number of inf. gathering procedures applied		.65	.79		***+

N=357 *: p<.05 **: p<.005 ***: p< .001
+: significant difference in favour of social skills programs
-: significant difference in favour of automation programs
–: significant difference in favour of the industrial sector

Actual decision making. Table 4 reports the cases in which the HRD goals and objectives are formulated, as result of the strategic aligning process. These goals and objectives are important for the development and/or selection of HRD programs that provide employees with the competencies needed. In only 9.2% of the cases no specific goals and objectives were formulated, but this was more the case in the industrial sector than in the sector of financial and commercial services. Most goals and objectives were formulated on individual knowledge, skills and attitudes of participants at the end of the course (67.9%). Goals on individual work performance at the end of the program, and results on individual, team and company level, were less formulated (respective 6.6%, 7.8%, 12.4% and 3.8 %), although work performance and work results were significantly more important for social skills programs than for automation programs.

Table 4: percentages, means and standard deviations of decision making in strategic HRD aligning, and differences per economic sector of companies and type of HRD programs (only the significant differences are reported)

				differences for	
variables	*%*	*M*	*SD*	*sector*	*type of program*
goals and objectives to achieve					
no specific goals and objectives	9.2			*–	
knowledge, skills, attitudes at end of program	67.9				
own work performance at end of program	6.6				*+
own work results at end of program	7.8				*+
team results some period after program	12.4				
company results some period after program	3.8				
other goals/objectives	5.8				
number of defined goal levels		1.01	.59		

N=357 *: p<.05
+: significant difference in favour of social skills programs
–: significant difference in favour of the industrial sector

Opinion scales. Two opinion scales were constructed, concerning 'Quality of strategic HRD aligning', and 'Effectiveness of HRD programs'.

Quality of strategic HRD aligning. The 22 items of strategic aligning were subjected to a factor-analysis in order to assess the construct validity of strategic aligning (i.e. participation, information, nature, decision making). Instead of the expected four factors, six factors emerged from the factor analysis with varimax rotation. Interpretation showed that the factors went across the four dimensions of strategic aligning. Then a one-factor analysis was performed to find out whether the construct of strategic aligning is one-dimensional in stead of more-dimensional. Five items with factor loadings below .40 and with item-rest correlations below .30 were dropped for further analysis. Reliability analysis of the remaining 17 items of the opinion scale 'perceived quality of strategic HRD aligning' leads to an alpha of .89. Analysis of the item content proved that all four dimensions of strategic HRD aligning were represented in the constructed scale. The grand mean of the 17 items is 3.39 (SD = .68) concerning 252 valid cases. No significant difference for the quality of strategic aligning were found for economic sector and type of HRD programs.

Effectiveness of HRD programs. Reliability analysis resulted in excluding one item, because of negative item-rest correlation. The alpha of the remaining 9 items is .90. A one-factor analysis showed that none of these items had a factor loading < .40. No significant differences for economic sector and type of HRD programs were found. The grand mean of the 9 items is 3.43 (SD= .72) concerning 265 valid cases.

Opinion scales and actual strategic aligning. Pearson correlation coefficients were estimated to gain insight into the association between the opinion scales 'quality of strategic HRD aligning' and 'effectiveness of HRD programs' and the sum variables which indicate the number of participation times that respondents were involved in strategic aligning, the provided information categories, involved consultative structures, applied information gathering procedures, and defined goal levels. The correlations show consistent statistical significance of the 'quality of strategic aligning' scale with participation times ($p < .001$), information categories ($p < .001$), consultative structures ($p < .001$), information gathering procedures ($p < .001$) and goal levels ($p < .05$). This means, for instance, that the more the HRD participants are involved in strategic aligning, the better their opinion is on the quality of HRD aligning. For the effectiveness scale, no significant relationship is found.

Strategic aligning and HRD effectiveness. In answering the focal question of the impact of strategic HRD aligning on the effectiveness of HRD programs we have to consider the representativeness of the scale 'perceived quality of strategic aligning'. This scale is based on 17 items and 252 valid cases. A number of 105 cases is not included, due to too much item-non-response. Analysis showed that the results based on the 252 cases are representative. Respondents whose opinion on the quality of strategic aligning is included in the analysis do not significantly differ in their opinion on HRD effectiveness (M=3.42, SD=.78) from those who are not included in the strategic aligning scale (M=3.43, SD=.71).

Following the research strategy, as outlined in the above section, the results of the multilevel model analyses are summarized in Table 5.

The results under model 0 indicate that the average perceived effectiveness score is 3.42, with a total variance of .495 (.093 plus .402) of which 19% ((.093/.495)*100%) is variation between companies and 81% is variation between respondents within companies. The results under model 1 indicate that strategic aligning has an effect of .44 on effectiveness within companies and that the between companies effect of strategic aligning is .68, which is considerable higher than .44. Strategic aligning accounts for 25% of the variation in effectiveness scores. The results under model 2 indicate that the effect of strategic aligning on the effectiveness of corporate HRD differs between the two economic sectors. For industry companies the within company effect of strategic aligning on effectiveness is .36, whereas the between company effect is .17 higher. For companies in the sector of financial and commercial services, however, both effects are substantially higher: .60 (.36+.24) within and 1.36 (.53+.83) between companies. The latter effect exceeds the former by .76 points. Under model 3 the results indicate that a similar phenomenon occurs for the two types of corporate training programs considered in this study. For automation programs the effect of strategic aligning on effectiveness is .51 within and .98 between companies. For social skills programs, however, the

effects are .39 and .36 respectively. The latter indicates that for social skills there is no extra effect of the company average for strategic aligning on effectiveness.

Table 5: Results of the multilevel model analyses on strategic aligning and effectiveness (standard errors between brackets)

	Strategic aligning and effectiveness							
	model 0		**model 1**		**model 2**		**model 3**	
intercept	3.42	(.07)	1.15	(.45)	1.66	(.48)	.21	(.54)
SA_{ij}-SA_j			.44	(.07)	.36	(.09)	.51	(.11)
SA_j			.68	(.13)	.53	(.14)	.98	(.16)
indust. vs financ./commerc. (IF_j)					-2.94	(1.16)		
automation vs social skills (As_j)							2.02	(.81)
IF_j*(SA_{ij}-SA_j)					.24	(.16)		
IF_j*SA_j					.83	(.33)		
AS_j*(SA_{ij}-SA_j)							-.12	(.15)
AS_j*SA_j							-.63	(.24)
variance								
between companies	.093	(.04)	.045	(.03)	.036	(.02)	.018	(.02)
within companies	.402	(.05)	.325	(.04)	.315	(.04)	.330	(.04)
R^2	-		25%		29%		30%	

Conclusion and discussion

The findings give more insight into actual strategic HRD aligning, which has preceded the performance of the selected HRD program in the companies studied. An overall conclusion may be that the aligning procedure in the case of social skills programs is more intensive, structured and integrated than in the case of automation programs. More HRD participants are involved in strategic aligning, information is based on various subjects and organizational levels, information gathering procedures (like SWOT-analysis and environmental scanning) are applied more often, and HRD goals and objectives are formulated at more levels. It is conceivable that the aligning procedure in automation programs will hinder the detection of the real HRD needs of all stakeholders in the company, and the providing of HRD programs that address this needs. The perceived effectiveness of the automation programs, however is as high as of the social skills programs. But at the other hand is was found that the quality of the aligning procedure a far more profound effect for automation than for social skills programs.

A positive effect of the quality of strategic aligning on perceived HRD effectiveness could be demonstrated. The alternative explanation for this effect, namely that respondents are inclined to avoid cognitive dissonance, could be rejected by the finding, that there was an extra effect of the company mean for strategic aligning on perceived effectiveness of HRD programs over and above the individual effects. A difference is found between the two economic sectors. For companies in the sector of financial and commercial services, the effects of strategic aligning on HRD effectiveness are even stronger than for industry companies. A difference is also found between the type of HRD programs, mainly for the effects between companies. For automation programs an extra effect of the company average for strategic aligning on effectiveness is found, whereas such an extra effect could not be demonstrated for social skills programs.

The question remains, why extra effects of perceived quality of strategic aligning on effectiveness were stronger for the financial/commercial sector than for the industry, because little differences in actual strategic aligning activities were found between these two sectors. It also is not clear why extra effects were found for automation programs but not for social skills programs. These latter programs faced a more thorough and structured aligning procedure than the automation programs did, and a significant coherence was found between the perceived quality of strategic aligning and the several dimensions of the aligning procedure, which indicates that the better the

aligning procedure was performed, the better the perceived quality of HRD aligning. Possible explanations could not be found in differences in strategic aligning, because no significant differences were found for economic sector and type of HRD programs or even for combinations of both. The perceived strategic aligning for social skills programs in industry companies does not significantly differ from the perceived strategic aligning for automation programs in financial/commercial services.

Because no significant association was found between the perceived HRD effectiveness and the several dimensions of actual strategic aligning activities, further research on this topic is needed. As mentioned in the outset of this paper, strategic aligning refers to the interrelationship between HRD representatives and relevant company officials at the various levels of the organization, the so-called stakeholders. Perceived HRD effectiveness will depend on the position of relevant stakeholders in the company and the kind of effects they expect from the performed HRD programs (Wognum, 1994). HRD participants for instance see other effects as important than company managers or HRD company representatives. In other words, the perceived HRD effectiveness could be different for the various stakeholder groups. The degree to which this will be the case probably depends on the process of strategic HRD aligning.

In this paper only the results of one respondent group, namely the participants of the selected HRD programs, were are reported. In further research these results have to be completed with and compared to the results of the other three respondent groups, the HRD company representatives and the supervising managers and subordinates (if present) of the HRD participants. This activity will be done to gain more insight in the effects of strategic HRD aligning on HRD effectiveness.

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